

15th May 1954]

[Mr. Chairman]

(2) *The Madras Proprietary Estates Village Service and Hereditary Offices (Amendment) Bill, 1954 (L.A. Bill No. 22 of 1954).*

'In accordance with rule 99 of the Madras Assembly Rules, I transmit a copy of the Madras Proprietary Estates' Village Service and Hereditary Village Offices (Amendment) Bill, 1954 (L.A. Bill No. 22 of 1954), as passed by the Assembly on the 14th May 1954, and signed by me, for the concurrence of the Council.'

(3) *The Courtallam Township Bill, 1954 (L.C. Bill No. 8 of 1954).*

'In accordance with rule 113 of the Madras Assembly Rules, I transmit a copy of the Courtallam Township Bill, 1954 (L.C. Bill No. 8 of 1954), as passed by the Assembly, on the 14th May 1954 with the amendment set out in the Annexure and signed by me for the concurrence of the Council.'

ANNEXURE.

Renumber clause 6 as sub-clause (1) and add the following as sub-clause (2):—

"(2) All orders made by the State Government under sub-section (1) shall, as soon as possible after they are made, be laid on the table of both Houses of the Legislature."

"I have also to announce to the House that I have received the following message, dated the 15th May 1954, from the Hon. the Speaker, Madras Legislative Assembly:—

The Madras Electricity Undertakings (Acquisition) Bill, 1954 (L.A. Bill No. 23 of 1954).

'In accordance with rule 99 of the Madras Assembly Rules, I transmit a copy of the Madras Electricity Undertakings (Acquisition) Bill, 1954, (L.A. Bill No. 23 of 1954), as passed by the Assembly, on the 15th May 1954, and signed by me, for the concurrence of the Council.'

III.—PROGRAMME OF THE HOUSE.

SRI T. PURUSHOTHAM :—“ On a point of information, Sir. Hon. Members are anxious to know how long the present sittings of the Council will continue. Will the Hon. the Leader of the House kindly enlighten us on this point? ”

* THE HON. SRI M. BHAKTAVATSALAM :—“ Sir, how long the present sittings will continue will depend on how we transact our business. Perhaps we may close our work by the 19th or at the latest by the 20th.”

IV.—GOVERNMENT BILLS.

(1) THE MADRAS GENERAL SALES TAX (SECOND AMENDMENT) BILL, 1954 (L.A. BILL NO. 20 OF 1954).

* THE HON. SRI M. A. MANICKAVELU NAICKER :—“ Mr. Chairman, Sir, I beg to move—

‘That the Madras General Sales Tax (Second Amendment) Bill’, 1954 (L.A. Bill No. 20 of 1954), as passed by the Assembly, be taken into consideration.’

Sir, this Bill is intended to levy an extra tax on mill cloth of a certain variety at one anna three pies at the first point. It also

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provides for an extra tax of six pies on precious stones only. This has got a taxation value. Also incidentally this Bill will effectively encourage the sales of handloom cloth."

MR. CHAIRMAN :—" Motion moved—

' That the Madras General Sales Tax (Second Amendment) Bill, 1954 (L.A. Bill No. 20 of 1954), as passed by the Assembly, be taken into consideration.' "

* DR. V. K. JOHN :—" Sir, I would very earnestly request the Government not to impose a fresh sales tax on mill goods in addition to the sales tax already levied. First of all, let me say, Sir (as I already said in my budget speech), that sales tax is a measure of regressive taxation. The regressive sales tax hits the poor hard. The poor are hit hard by various items of tax, cost of transport, etc. Therefore I would suggest that this additional sales tax on mill cloth should not be imposed. Sir, the effect of this tax would be to kill the mill industry in our State. Even now we are importing every month into our State 8,000 bales of mill cloth to the value of Rs. 12 crores. We should help the mill industry and see that we are self-sufficient in cloth so that we do not import cloth from outside. But if we levy this additional sales tax, what will happen is that the textile business will go out of our State. The consumption of mill cloth will be less, and, therefore, production of mill cloth also will be less. We have invested Rs. 104 crores in this textile business, and about 7.43 lakhs of labourers are employed in the mills. If the mill industry is not carried on well, not only will we have to import mill cloth from outside, but we will be hitting hard the poor people employed as labourers. Therefore, instead of increasing the volume of mill business which will make this State self-sufficient in mill cloth, we will be ruining the mill business. (Interruption by the Hon. Sri C. Subramaniam.) The mill goods were controlled once with the object of securing them to the consuming public at reasonable rates. Since then excise duties have been imposed. Recently an excise duty of Rs. 6 crores has been imposed by the Government of India for the sake of protecting the handloom weavers. The result is that the prices of mill cloth, have already gone up by 25 per cent over the prices obtaining in 1943, when control was imposed on mill goods. The price of mill cloth will go up very much more by the imposition of this tax of Re. 0-1-3 in the rupee. I say this increase Re. 0-1-3 in the rupee is very rigorous. Even if the Government wanted to impose a tax on mill cloth they should have imposed very much less. No particulars have been given by the Hon. Minister regarding the revenue that is expected to be raised by passing this Bill. According to the Budget Estimates, we are deficit only by about Rs. 58 lakhs. It has been suggested both in this House and in the other House that we need not impose any further tax to meet this deficit. What the Government should have done is to have gone into the expenditure which has risen up in recent years and cut it down to the extent of at least Rs. 58 lakhs to make up the deficit in the budget instead of imposing new taxes.

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" Sir, this is a regressive measure of taxation which will hit the poor, which will affect prejudicially the mill industry in the State, and which will effect the labourers, the consumers and also the people who have invested money on the mill industry. Already the revenue from sales tax is coming down, and I am quite sure, if the Government impoverish the poor people still further by the imposition of this tax the result will be that this State will become the poorest in the whole of India. The neighbouring States have not imposed this kind of tax. Therefore the result of this tax will be that the business in this State will be diverted to other neighbouring States. The wholesalers will be ruined and the retailers will go and buy elsewhere. I do not think the Government have investigated the dire consequences that will ensue all round by the introduction of this measure of taxation.

" Sir, I have always held the view that sales tax ought to have been a Central subject and it should have been introduced by the Centre in all the States, in the same form and in the same measure. Now we are adding to the tax on mill cloth and the result would be that the business in mill cloth will go outside this State. I therefore suggest that the Government should think twice before introducing this additional sales tax on mill cloth. It is stated that only the rich people will suffer if superfine cloth is taxed. I say it is a mistaken impression because there are varieties of superfine cloth which cost only about ten annas a yard and poor people also buy such varieties. I do not think the Government have investigated the consequences of this measure. If they had only investigated them they would not have introduced this measure.

" I must say one thing more. Government do not seem to take note of the State-wide agitation not only from consumers but also from merchants and others against the imposition of this tax. Government seem to ignore absolutely public opinion in this matter. Though it is not for me to say it, I must tell the Government that if the Congress Party Members go again before the electorate, they will find the whole body of people against them, the consumers of cloth, the sellers of cloth and all others. It is for the leaders of the Congress Party to consider this aspect also. But I feel, Sir, that there is very great public discontent in regard to the imposition of this additional tax on cloth. I would therefore request the Government in all humility and with as much strength as I can command not to resort to this regressive form of taxation any more and not to add to it further. It is high time they revised the sales tax structure. As I have said very often on the floor of this House, it is not a sales tax at all; it is not even a purchase tax. It is a concealed tax and if a person analyses his expenditure, he will find that about Rs. 50 out of Rs. 100 which he gets by way of income is paid away to the Government as tax. A major portion of it is paid away as sales tax and the other portion by way of tax on petrol and other things. It is a regressive form of taxation. The principle of progressive taxation is that a person getting a small income must not be made to pay anything by way of tax, direct or indirect. That is

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why in the case of income tax, if a person gets only an income of Rs. 300 he need not pay income tax at all because he cannot bear the burden of the tax. But in sales tax you will find that the person getting a hundred rupees is paying fifty rupees as tax while purchasing materials. This is too much of a burden that can be placed on a poor man. He cannot bear it. Our State has been impoverished by the imposition of the sales tax. The Government seem not to take note of the bad effects of the regressive taxation and the impoverishment of the people. But they in their career—I won't say mad career—are intent upon adding to the regressive form of taxation. This I say is not in the interest of the State. This is not in the interest of the Government also. The consequences are that the revenue will go down as it has already gone down. It is not in the interest of the people, and it is not in the interest of the Government. Government should pay their particular attention to the evil effects of this tax. I submit again that the Government should go into the matter and should not introduce Bills which will impose regressive taxes on the poor people from time to time."

* SRI M. P. GOVINDA MENON :—" Mr. Chairman, Sir, before I speak on the Bill I have got a complaint to make against the Treasury Bench for having snatched away the hon. Member Sri T. Purushotham from this side to their side. He was very active during question time and I hope he will continue to be active even after he has gone over to the other side.

" Now, Mr. Chairman, I oppose all taxation measures. Even the other day I opposed the taxation measure brought in by Government. I do so because I find that there has been no attempt at effecting retrenchment in Government expenditure. But as far as this Bill is concerned, I am going to support it and welcome it. The reason is this. We who had followed the Father of our Nation during the struggle for freedom, had been dreaming that this Government, which is in the hands of the disciples of Gandhiji, would encourage the cottage industries entirely and would allow no mill industry to compete with the cottage industry because we believed that the economic salvation of the country, the rural development of this country, the salvation of the millions of poor people of this country lay really in the encouragement of the cottage industries. This is the lesson that we have learnt at the feet of the Father of our Nation. It had been a sorrowful picture to us that during the seven years of Congress rule in this State and in the Centre, cottage industries were neglected and industrialisation was encouraged with the result that the beggar problem has increased, and the unemployment problem has increased by leaps and bounds. I can say with authority that the unemployment problem and the beggar problem have increased more than what they were during the British period. Even my unfortunate district of Malabar which cannot meet its own needs of food is invaded by swarms of Tamilian beggars coming from

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the Tamil districts—people who were engaged in the handloom industry. These people could not make both ends meet. This is the condition to which we have reduced ourselves.

“ However, Sir, there is a gleam of hope when we see that this Government have after all decided to tax the mill cloth so that that amount may be utilized for encouraging the handloom weavers and the handloom industry. Really I am not saying anything in anticipation, Sir, but suppose I were a Dictator for a short period in this State . . . ”

SRI MOHAMED RAZA KHAN :—“ God forbid.”

* SRI M. P. GOVINDA MENON :—“ God forbid, because people like the hon. Member Sri Raza Khan will not be able to prevent it. I am not likely to become a Dictator anywhere in the near future. But if I were to become one I would close the mill industry and encourage the handloom industry and the cottage industries so that the millions of the rural population will be saved from poverty and unemployment. I know also the danger involved in it. Persons like the hon. Member Sri Raza Khan will try to overthrow such a Government.

“ Mr. Chairman, what has been our experience? When the 3 p.m. distinguished leader, Sri T. Prakasam, as Chief Minister of our State, tried to stop the import of spindles, his Ministry was thrown out. Then the great and distinguished leader, Sri C. Rajagopalachari, wanted that the entire production of *saris* and *dhotis* should be reserved for the handloom. He is also out of office now. I do not know what will be the fate of the present Chief Minister who has brought forward these taxation measures. Whenever there has been an attempt to follow in the footsteps of the great Mahatma and to encourage the handloom industry at the expense of the mill industry that Ministry has gone out of office—thanks to Sri Mohamed Raza Khan and other friends who believe in other ideologies.

“ I would suggest that the entire amount collected under this tax must be utilized only for encouraging the handloom industry. The Hon. Minister concerned must have it earmarked for the handloom industry and, if it is not possible to do so under the statute, the Ministry must at least bear it in mind, namely, that the amount got by way of this taxation measure must be kept separate for the encouragement of the handloom industry.

“ Another difficulty in this regard is that the Government entrust the encouragement of cottage industries to officials. How could we expect cottage industries to flourish when they are put in charge of persons who do not believe in these ideals? I have seen Deputy Registrars of Co-operative Societies selling handloom cloth while they themselves are adorned in mill and foreign cloth. I have also seen Deputy Tahsildars in charge of Government Khadi Depots attempting to sell Khadi while they themselves are dressed in foreign cloth. How could these people act as proper advertisement agents for these industries? The Government must take courage in both their hands and put the handloom industry and the cottage industries

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in charge of persons who believe in such industries. In the days of the freedom struggle we had millions of young men and women who went to jail for the sake of cottage industries and *swadeshi*. Can we not find some young men now, give them some money and make them work these schemes?

"How is this money to be utilized for the encouragement of the handloom industry? The poor weavers find it very difficult to get yarn. This money may first of all be utilized as a sort of subsidy to them so that they could get yarn at a cheaper rate and thus compete with the mill industry. I am glad that the Government have taken a step in the right direction and that they will go forward step by step until this State's requirements of cloth are met from the handloom industry or from the khadi industry. I hope, Sir, that the present Ministry will see that such a state of affairs is soon achieved.

"I have no objection to the present Ministry calling themselves a Congress Ministry even though I see on the Treasury Bench some non-Congressmen. I do not know how far they are entitled to call this a Congress Ministry but my complaint is that as long as they call themselves Congressmen and believe in the ideology of the Congress, not after 1947 but before 1947, they need not drag in the mighty and glorious name of Mahatma Gandhi. If they really believe in the Congress ideology, I hope this Government will by a series of legislations encourage khadi and cottage industries and see to it that the production of mill cloth is done away with."

SRI MOHAMED RAZA KHAN :—"Mr. Chairman, Sir, I know that it is a very difficult job that the Hon. the Minister for Land Revenue is performing for the last seven or eight days coming forward with one legislation after another attempting to increase taxation. I really wonder whether he himself feels happy over what he is doing. I have got every sympathy for him because I find that he is the unfortunate victim of circumstances.

"With regard to this Bill, if the Budget debate is to have any meaning or value and, if the Hon. the Minister for Finance, takes the sense of the House—I am sorry if I am misinterpreting it—he will see that most of the hon. Members who spoke were against this taxation measure. Even some members of the Congress Party were against it. The consensus of opinion is that hon. Members are opposed to this kind of taxation. If I remember aright, the Hon. the Minister for Finance and the then Chief Minister, Sri C. Rajagopalachari, made it definite on the floor of this House and in the other House that this measure was not for the purpose of augmenting the revenues of the State and that it was intended only to find a way out for giving proper protection and relief to the handloom industry. Subject to correction, I think that this was the categorical statement made by the Hon. the Minister for Finance. I do distinctly remember that the case of the Government and the then Chief Minister and the Finance Minister (who fortunately continues in his office), was that this was not a taxation measure intended to augment the revenues of the State. Therefore, Sir, while the Hon. the Finance Minister was replying to the debate,

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a definite question was put to him whether, if at any time the Government of India decided to give protection to the handloom industry, this Government would put off this tax as there would be no necessity for it then. If the Government do make any declaration, they should stand by it. But, what we find is that so soon after the Budget Debate the Government have come forward with this Bill stating that it is for the purpose of augmenting the revenues of this State.

"I was really surprised to find that the Government of Madras were going to increase the Sales Tax on cloth from 3 pies to 1 anna 3 pies, an increase of 500 per cent, though it be that it is to be levied only at one point. I therefore think that in fairness to the public and the business community this measure ought to have gone before a Select Committee. The Government could have invited some people who could speak with authority on the subject and they would have explained the difficulties of the industry and, if in spite of this, the Government felt that there was no case for those who were opposed to the tax, they could proceed with this measure. But this measure did not at all go before a Select Committee. I know, Sir, that in the past there were many occasions when the Government felt very strongly on certain matters but in the course of the discussions in the Select Committee the Select Committee was able to convince the Government that they were wrong, and the Government were then forced to withdraw those measures.

"Both the Hon. the Minister for Finance and the Hon. the Minister for Land Revenue anticipated some difficulty. As was pointed out during the Budget Debate the sanction of the Government of India or rather that of the President is necessary. That is why the Government have thought it fit to split the Sales Tax on cloth into two separate Bills, one for taxing medium cloth and the other for taxing other varieties of cloth. The Government of India may not sanction the taxation on medium cloth. I may also express my wish that the Government of India will say that both the Bills are not assented to so that the poor people of this State may escape from this taxation. This is not such an easy thing as the Hon. the Minister for Revenue and the Government seem to imagine. If the people are to be taxed at one-anna three pies per rupee instead of at the present rate of three pies, the repercussions or the consequences will be very grave. Already the people of our State are paying about an anna by way of Sales Tax which is being levied at different levels, namely, at the level of production, at the level of distribution, at the level of the wholesaler and at the level of the retailer. They have to pay in addition a quarter anna as cess for the protection of the handloom industry and also an excise duty varying from six pies to two annas. On account of these the trade has shrunk. If in addition this trade is asked to bear the burden of the additional taxation now proposed, from what little I know of it, can say that it is bound to diminish still further. As the Hon. the Minister for Revenue is aware, from the diminishing returns of Sales Tax that he is having, the turnover of this business has fallen considerably when compared with that

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of last year and the year previous to that. In such circumstances, I am not able to understand the logic behind the Government of Madras who have come forward with these two Bills to raise the Sales Tax on cloth by 500 per cent.

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“It was also pointed out in this connexion that this was intended to give relief to the handloom industry. Well and good. I am one for giving relief to this industry. I also feel, Sir, that the hon. Member, Sri M. P. Govinda Menon, is a very good man and he is supporting all good things but, unfortunately, all the causes that he supports never succeed. In his speech, the hon. Member tried to cut some jokes here and there. I am not going to touch upon them. I am for giving all possible relief to the handloom industry but I can say this sort of spoonfeeding is not going to help the industry very much. If the handloom industry is to thrive and flourish, it has to do so by itself. Unfortunately it has not, and neither the Government of India nor the Government of Madras are responsible for this. The Government say that by imposing this additional sales tax on mill-made cloth they want to give protection to the handloom industry. It may appear to be a good plan on paper, but in actual working it may not be possible. If really the Government of Madras are very sincere that they should protect this handloom industry, they should fight with the Government of India and force them to agree that such and such varieties of cloth should be exclusively reserved for the handloom industry. That was the original proposal of Sri C. Rajagopalachari. The present Chief Minister should have taken up the matter with the Commerce Ministry of the Government of India pointing out to them ‘Here are millions and millions of handloom weavers spread throughout this State. This industry has got to be protected. The only way to give them the required protection is by imposing a ban on the mills from entering into a competition with the handloom industry in the manufacture of certain varieties of cloth.’ Speaker after speaker has dwelt at considerable length on this subject. After all, what is the deficit in the Budget of this year? It is nearly 58 lakhs of rupees and to cover up this Rs. 58 lakhs legislation after legislation is brought before this House resorting to all sorts of taxes. I may say that if one were to sit and compile a history of all the taxes that have been imposed from 1946 to 1953, it will take three or four volumes to write it. The Government should know how this measure will affect the trade, though it is all too easy to pass legislations.

“One effect of this measure will be to shift the sphere of business to border areas. For instance, the border areas of Chittoor and Kalahasti, which are in the Andhra State, are not far off. Many business shops will be opened there, for, if we purchase from the border areas, we can escape payment of this additional sales tax of 1 anna and 3 pies in the rupee.

“The second thing is that the Government say that they are bringing in this Bill with a view to augmenting the revenues of the

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State, which is not going to happen. There is the law of diminishing returns, because the purchasing capacity of the people is very low. In fact, so far as our State is concerned, on account of the various taxes that are already in force, the purchasing power of the people has come down. The law of diminishing returns will set in and the result will be that instead of getting more revenue, the Government will be getting only less. I do not understand on what logic the Hon. the Minister for Land Revenue has brought forward this measure. As I have already pointed out, one effect of this measure will be that the business will shift from Madras area to the border areas. People know how to evade this tax.

“ The other thing that I want to refer to is that there are not many weaving mills in our State. There are a number of spinning mills. With this increase of 1 anna 3 pies in the rupee in the sales tax, will there be any possibility of any more mills being started, particularly in these days of depression? Is this the way to encourage more industries to come up? The hon. Member Sri M. P. Govinda Menon said that we must all support the handloom industry. It is a good slogan. I know that the money which is being collected as cess on the mill cloth and in which our State also gets a share is being wasted and is not being put to proper use. Any complaint is not going to help. I do not know how this increase of 1 anna 3 pies in the rupee is really going to help the handloom industry to flourish in this State.

“ Sir, this subject has been debated on a number of occasions. There was a good deal of discussion during the Budget debate. We thought that the Hon. the Chief Minister will take into consideration all the viewpoints expressed on the floor of this House. There is an erroneous impression that this cloth is purchased only by the richer sections of the people. It is only the lower middle class people and the poor people who purchase this mill cloth. They cannot go in for the costlier cloth. It is said that this increase will affect only the richer classes. I cannot understand how. I do say that this is a tax not on the rich people, but on the poor people. Even now, I request the Government to consider whether it is worthwhile for them to pursue this taxation measure. They can examine the whole case. I know, Sir, there is no case for any increase in taxation particularly when there is a persistent demand from the business sector to reduce even the present level of taxation. Of course, the Hon. the Minister for Land Revenue has been accustomed to so many demands. He will say ‘ Let them go on representing but I shall go my own way ’. When there is a demand for the levy of single point tax, it is really surprising that the Government of Madras are increasing the tax from 3 pies to 1 anna and 3 pies. Even though this Bill has been passed by the Assembly—I know that with the majority they command the Government will be able to pass any measure—the Government should know what will be the repercussions, how the trade will be affected, whether there is any possibility of the industry developing further in the State and whether the trade will not shift to border areas. It will not be difficult for people to have their

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purchases made in the neighbouring States like Travancore-Cochin or Andhra and evade the payment of this tax. I do maintain that the Madras Government did not bestow proper attention on the various aspects of the matter. In conclusion, I wish to state that Government themselves are not consistent as to what the object of the Bill is. First they said that their object was to give protection to the handloom industry. Now they say that their object is to augment the revenues of the State. This itself shows that the Government seem to have lost their case. As I have pointed out at the outset, the deficit this year is about Rs. 58 lakhs. Speaker after speaker has said that this is a very small deficit, and even persons like Dr. A. Lakshmanaswami Mudaliar have said that this small deficit could be met by effecting certain economies in expenditure, and that even if that was not possible the deficit may be left uncovered, and that there was no necessity for further taxation. But the Government have not paid heed to their advice. If the Government continue their present policy, the trade will be ruined and ultimately the Government will stand to lose rather than stand to gain."

SRI K. BALASUBRAMANYA AYYAR:—"Mr. Chairman, Sir, this measure has been brought forward for augmenting the revenues of the State. There cannot be any question of protecting the handloom industry by the present measure. The hon. Member Sri Govinda Menon invoked the name of Mahatma Gandhi. Why should we invoke the name of Mahatma Gandhi in this matter? After all, the handloom industry depends upon mill-made yarn. When we talk about Mahatma Gandhi we forget for a moment that we are not following him. We forget the fact that the handloom industry depends on mill-made yarn. Mahatma Gandhi wanted the whole nation to spin. But what are we doing? We do not spin at all. Unless some convention is established that everyone of us should spin, it may not be possible for the whole nation to be clothed. Therefore, if we want to manage without mill-made yarn, everyone of us in the country must spin. What is the use of talking about Mahatma Gandhi? Let us follow Mahatma Gandhi as much as my hon. friend would like to follow him.

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"But we are not on this fact at all at the present juncture. Sales tax is a consumers' tax and under the present conditions sales tax is never approved of throughout the world except in our Madras State. When the Sales Tax Bill was passed I pointed out to the Hon. the Finance Minister that sales tax was never popular and was never resorted to because it was finally a consumers' tax. Goods are sold to the poor and as soon as the sales tax is levied, the seller passes it on immediately to the consumer. Immediately the price of the article increases. When we impose sales tax we should not look to the merchants alone, but to the thousands of consumers also. Coarse cloth between 35s. and 60s. is used by middle class people and they will now be hit hard.

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Handloom cloth is made of mill-made yarn. Unless we encourage the mill-made industry also at the same time, we cannot have handloom cloth. We are not here to say anything against relief being given to handloom weavers. Let us always remember handloom weavers. If it is khadi, that is quite a different matter. We are not concerned with khadi at all in this Bill.

“ The other difficulty is that this is really an inter-State question. It is proposed to levy the additional tax on the first sale effected in the State on account of the restrictions imposed by Article 286 (1), (2) and (3) of the Constitution. This article is there in the Constitution for the purpose of seeing that unnecessary and unreasonable restrictions are not placed on Inter-State trade and commerce. According to Article 301 of the Constitution, the trade and commerce between various States of India shall be free. Most of the mill-made cloth is imported into our State from Bombay and Ahmedabad. Bombay has not made any progress in the handloom industry. This is a question which depends entirely upon the Centre. On a long range view it is the Centre which should take up this question. Therefore, I am forced to point out that this Bill is against the spirit of the Constitution. If we impose a tax of Re. 0-1-3 on mill-made cloth it will be imposing a restriction on Inter-State trade and commerce. Let us not go into the question whether this Bill is *ultra vires* or not. But I am perfectly sure that this is a thing which goes against the spirit of our Constitution. The handloom industry will not be helped even with this additional sales-tax of Re. 0-1-3 on mill-made cloth. Even then, mill-made cloth will be resorted to. I am perfectly sure of that. The handloom cloth will not be much cheaper than the mill-made cloth. The difficulty is that the mill yarn is not cheap. If mill yarn that is supplied to the handloom weavers is very cheap, then we can always have handloom cloth. Therefore, by this Bill we are not really solving the problem at all so far as the handloom weavers are concerned. This Bill cannot be of much help to the handloom weavers. I am sorry to say it is all mere talk to support the Bill. This is really intended for augmenting the revenues of the State. It is opposed to the Constitution, even though we may wriggle out of the question on account of the recent Supreme Court's decision which says that the first sale within the State is one on which tax can be imposed by the local Legislature even on non-resident dealers. Otherwise, this Bill will hit all the provisions of Article 286 of the Constitution. Are we justified in affecting Inter-State Commerce and in imposing restrictions upon Inter-State Commerce? These are really very indirect restrictions on Inter-State Commerce. Are we really justified in imposing these restrictions for augmenting the resources of our State hitting hard the poor consumers and at the same time not helping the handloom industry? ”

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* SRI K. BHASHYAM :—“ Sir, I am surprised that such a measure as this which has been brought in for the purpose of augmenting the resources of this State and also to meet the deficit should have met with such an opposition from hon. Members opposite. They say that this imposition of taxation should be justified only on the ground of augmenting revenue and not upon any other ground. What is the reason for saying so? If as a matter of fact, the Government want revenue, they can justify the imposition of this tax upon other grounds also than augmentation of revenue. Why should they not say that the Bill is also intended to help the handloom industry? There is nothing wrong in it. For the purpose of emphasizing their arguments, hon. members invoke the name of Gandhiji. It is asked ‘Why should they drag in here the name of that great Seer of all persons for the purpose of arguments?’ (Interruption by Sri K. Balasubramanya Ayyar.) My hon. Friend is very angry no doubt. But I would like to point out to him that as a matter of fact that anger does not solve the problem or meet the arguments that I have placed before the hon. Member. My argument is this. The Government want revenue and revenue can be collected so as to be useful to other persons as well. While collecting the revenue, this Bill will also be useful to support an industry which is suffering under a great disadvantage. Is that justifiable or not? If it is justifiable, I will call upon Gandhiji’s name because it is really supporting the idea of self-sufficiency not only in cloth but also in other things. At least in cloth requirements we shall be self-sufficient. If I call upon Gandhiji’s name why should the Opposition get out of temper over it? I do not see anything wrong at all. The hon. Member is angry for another reason also. He says that if we follow Gandhiji’s principles, we must follow fully. But is it possible always to do so? A man is enjoined by *Sastras* to do certain things. He does not do most of the things, but he does something. We must be thankful for that. Therefore it is I say, if, as a matter of fact, in the present case, at least in the name of Gandhiji we are able to help the cottage industries to the extent we can, then I think, Sir, there is nothing wrong in this Bill. I, of course, ask people who are interested in cottage industries to support this measure.

3-30 P.m. “ One other fact I would like to mention, Sir. There is always a contest between mill industries and cottage industries and between wholesale production of goods and goods produced by hand in villages or in the houses. That is the position. We are not now complaining against the one or the other. The time has come when machine and handicraft are really opposed to each other. Are we going to support the one or the other? Are we going to kill the one altogether and support the other altogether? We have come to the parting of the ways. True there is a body of opinion saying that we must industrialise the country to such an extent that all handicraft would be killed in favour of machine-made goods. People who are really interested in the welfare of

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the country should not and cannot subscribe to that opinion. Why not industrialise the big industries, and why should small industries, like the cottage industries, be industrialised? We must not kill the cottage industries. That is accepted by most people—even by economists who have something to say about the economics of our country. The argument that this tax is sought to be imposed on mill goods with a view to augmenting the revenues of this State, but not with a view to helping the handloom industry, is based on a very fallacious principle altogether.

“ The second point is that the mill industry is competing with the handloom industry. True. It is said that after all the handloom industry depends upon the mill industry to a large extent. I agree. If it is possible for the country not to depend upon the machine altogether and to get all the yarn made out of hand, we would certainly welcome that. Mr. Balasubramanya Ayyar is so much interested in the affair that he wants other people to follow his suggestion. I would like him to consider this question seriously. There are still people who are engaged in the production of handloom goods. There is no doubt about it. There are people who are patriotic enough to feel that in the long run they would be able to persuade other people to their ideal about the handloom industry. All honour to them. I wish them all success, if not to-day at least some time later. I would ask in this connection, why not mill yarn be sold at a cheap rate to the handloom weavers? Who are responsible for the high price of mill yarn? The mill owners whose mills really spin, and not merely weave, are able to produce yarn cheaply, and therefore they are able to compete with the handloom goods. If any control is to be imposed on the mills to the effect that they should not weave, and that their yarn should be sold in the open market for the benefit of the handloom weavers, that will be the best thing that can be done and ought to be done. If this is not done it is because there are persons who do not have the interests of the country at heart. There are persons interested in the mill industry. They cannot forget their own interests. There are persons in Northern India who are interested in the mill industry. People in other States, whenever they speak about the mill industry, do not know that in the Madras State the weaving mills are very few in number. The weaving mills are not so very flourishing as the spinning mills are. There is only a very small number of weaving mills especially in Coimbatore. Therefore the apprehensions entertained by hon. Members that all the mill business will go into other States are unfounded. I do not share their apprehensions. I do believe that people who are running spinning mills to-day will go on flourishing and they will be able to supply all the yarn they produce to the handloom industry perhaps at cheaper rates. The only question is, how to supply cheap yarn to the handloom weavers. The Government must consider this question. The idea levying a tax on mill-made goods is at best only a protective

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measure. It does not help the handloom industry to a very large extent. We only protect our handloom industry against exploitation by mills in other States. After all mill cloth is mostly imported from outside our State, and imported cloth does really compete with handloom goods in our State. Are we not entitled to protect our own handloom cloth against the import of mill cloth from other States? Is that a crime? Is it not proper to protect our handloom goods. Therefore, Sir, I think that all the objections that have been raised by hon. Members for the purpose of saying that this tax will kill the mill industry, etc., are not to be considered seriously.

“ Then, Sir, it has been stated that sales tax is passed on to the consumer, and that the consumer will pay this tax of one anna and three pies. It is stated that to that extent the consumer is hit. True. But I ask, Sir, why should men purchase the mill cloth at all? Why should they not make a little sacrifice and purchase handloom goods? Why should they not do it? Cinemas are flourishing. Dramas are flourishing. Exhibitions are flourishing, and so many other things are flourishing. But if we are to levy a tax of one anna three pies on the sale of mill-made goods so that the handloom industry may be benefited, I do not understand why there should be so much of objection. If it is possible for me I would compel all to purchase only handloom cloth. If it is not possible, let me at least say that we should support this levy of additional tax on mill-made goods. In this matter let us all fight the Central Government unitedly. If only the Central Government had been sympathetic, the handloom industry would have been flourishing from a very much earlier period. But there are persons in the Central Government who are really not of our view. They are interested mostly in the mill owners of Bombay and Ahmedabad. They want that the mill industry should be flourishing. They have got the interests of these mill owners at heart. Therefore we cannot make much headway with the Central Government. But to the extent to which we can help the handloom industry, we shall try to help it, even if the help be a very small help. After all, the Central Government also feel and say that we have got to help the handloom industry in some way or other. They have levied a cess upon the mill cloth. They have collected the cess, and they are distributing it. Of course that is inadequate. That is not what we wanted. We did not want any charity. We want *pucca* help to the handloom industry. We want that the handloom weavers should be able to get yarn as cheaply as possible. I have experience in the handloom industry, and I have managed four looms. I was in charge of a Swadeshi Store. I know the difficulties of the handloom weavers. If all the spinning mills are made to disgorge all their yarn—at any rate up to 50 per cent—in the open market, the problem of the handloom weavers will be solved to a large extent. I believe—I have experience of it—that the handloom weaver can then produce cloth as cheaply as the mill produces, if only there is not the increase in the cost of the yarn. The mill's

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produce yarn cheaply, and therefore it is that they are able to compete with the handloom weavers. If we really get yarn for the handloom weaver at the same price as it costs the mill owner, the handloom goods can certainly compete with mill-made goods. It is a pity that persons who have dexterity and fineness in their hands and who are engaged in this handloom industry should take to other professions. They have become masons, coolies, factory labourers, etc., to eke out their livelihood. What I say is that a good craftsman is really lost to the world. I agree with the hon. Member Mr. Balasubramanya Ayyar that this Bill will not help the handloom industry much. But to the extent that it does, why should we not help it? We are all not united in this matter. If we are all united and if we fight the Central Government on this matter, possibly we will make the Central Government agree to our request. But on account of fissiparous tendencies, we do not agree among ourselves. That is why the Central Government themselves are acting against us. If we do not present a united demand, I should like the Opposition to keep quiet at least. We really want to help the handloom weavers as much as we can. We do not help them fully, but to the extent we can help, we should help them. There are millions of people engaged in the industry, and the handloom industry comes next to agriculture. Therefore, I appeal to hon. Members opposite to drop their opposition."

SRI MOHAMED RAZA KHAN :—" We are not going to accept the suggestion of the hon. Member." 3-40 p.m.

* SRI A. M. ALLAPICHAJ :—" Mr. Chairman, Sir, but for the unkind attack against my hon. Friend Mr. Govinda Menon I would not have risen today to speak on this measure. The hon. Member Sri Govinda Menon is a Gandhian." (An hon. Member : ' Is he speaking on the Bill, Sir? ')

DR. V. K. JOHN :—" Is it in order, Mr. Chairman, that simply because an hon. Member made an irrelevant attack, another hon. Member should reply to it? I think we have to speak on the Bill."

SRI K. BHASHYAM :—" Sir, we attack only ideas and not persons."

* SRI A. M. ALLAPICHAJ :—" Sir, I am speaking on the Bill. The hon. Member Sri Govinda Menon firmly believes in the Gandhian principles. Whether the whole world follows those principles or not, the hon. Member has a right to say that people should follow the Gandhian principles and no one can prevent him from saying so. We the Congressmen in our own humble way are doing our very best in averting the advent of Communism in this country. Hon. Members opposite do not seem to realize this fact. When the Government bring in a taxation measure or some other measure, hon. Members Opposite think that the Government are the enemy of the rich people and so they begin

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to attack the Government. It is not so. The Congressmen want to be fair to all. While appreciating the right of the rich people to property, it is the principle of Congressmen to stand by the poor men in the country. They did not win freedom from the Britisher simply to make the rich richer and the poor poorer. It was won with a view to make the poor men rich, and to make them feel happy and prosperous and to make them also feel proud of this great country. That being the case and when we are doing our best in our own humble way to better the lot of the poor people, all sorts of obstacles are put in our way.

"I would like to ask, what is it that is wrong in this measure? The mill owners are making lakhs and lakhs of rupees. What is the harm in taxing them? Even if the middle-class people are asked to pay this tax what is the harm? Where is this amount to go? It does not go into the pocket of the Government. It is not going to be thrown into the Bay of Bengal. It is not to be taken by the Congressmen and put into their pockets. It is to go to the poor people of this State, it is going to be used for bettering the conditions of the poor people. The consumers are going to pay it and the benefit will go to all the people of this State. Therefore I do not know why there should be so much of opposition to this tax. What is the difficulty? (An hon. Member: 'The difficulty is we cannot understand this tax.') The hon. Member will understand only when the Communists come into power. Then it will be rather too late." (An hon. Member: 'Then all our troubles will be put an end to.')

SRI V. V. RAMASWAMI:—"I hope the hon. Member is not an enemy of Communism."

(The hon. Member Dr. John rose.)

SRI K. BHASHYAM:—"Mr. Chairman, Sir, is it proper to interrupt the hon. Member like this when he is on his legs?"

DR. V. K. JOHN:—"It is the hon. Member Mr. Bhashyam who is interrupting now."

SRI K. BHASHYAM:—"I interrupt because the hon. Member Dr. John interrupted the speaker."

* SRI A. M. ALLAPICHAJ:—"Sir, there is another thing which hon. Members should take into consideration. Ours is a State where we have a large number of weavers. If we are blind to their state of affairs, perhaps people will be justified in trying to move for the abolition of this House itself. We do not seem to be quite aware of what is taking place outside. Hundreds and thousands of our people are suffering from poverty. They have been thrown out of their jobs. Thousands of weavers are now unemployed. Their wives, children, sisters and everybody depending on them are suffering hell on earth. When such is the state of affairs are we to be blind to them? Are we to say, 'don't

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come forward with such a measure to impose tax on mill cloth'. After all the mills and the mill owners will be getting on in spite of this tax. They are very clever people. They are very rich people. Let them produce the best cloth and compete in foreign countries. If they do that, who can prevent them? Therefore, Sir, I feel that the Congress Government are really doing a great service by standing by the poor people and teaching the rich people to render service to the poor people. Therefore, I support this measure."

* THE HON. SRI M. A. MANICKAVELU NAICKER :—" Mr. Chairman, Sir, the view that the handloom industry should be protected and encouraged in this country is shared by the Government of India also. That is why they introduced the cess on mill cloth so that, that amount could be utilized in popularizing the handloom cloth even though at the Centre as it is said, the mill industry has greater representation and greater influence. In spite of this the Government of India thought it fit to introduce this cess. But in introducing this cess, they treated all the States alike because they did not know the very peculiar conditions of this State. They treated all the States alike in the matter of protecting the handloom industry. The peculiar conditions of the handloom industry in this State call for a drastic method of protection. In this State there are about 30 to 32 lakhs of people who are entirely depending on this industry. If the industry is not protected, all these people will be thrown into the streets. As a matter of fact they were on the streets a few months ago and the Government had to run a number of gruel centres spending many lakhs of rupees to feed them. That is why in the Assembly a resolution was unanimously passed—that bordered dhotis and coloured saris of certain counts should be reserved for the handloom industry. We expected that that resolution would be accepted by the Centre and the problem of the handloom weavers solved. But, unfortunately, they could not realise the peculiar circumstances in which this State is placed and so they did not accept the resolution. Then we had to think of other ways of protecting this industry and encouraging it. After a very lengthy deliberation we thought this was the only constitutional weapon that we had of protecting the handloom industry. If any hon. Member of this House had attended the Assembly during the discussion on this Bill, he would have listened to the speeches made by certain hon. Members of that House who even asked that the Government should adopt unconstitutional weapons. (An hon. Member: 'Like what?') Like what the Dravida Kazhagam people say. But we have to think only of constitutional weapons. We have therefore decided that this is the only best way of doing it, that is, by imposing a tax of Re. 0-1-3 in the rupee on mill cloth of certain varieties. Though we are not quite sure of the revenue that would be realized by imposing this tax,—it all depends on the handloom industry and other factors and I am not now prepared to hazard any

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definite figure about the income—we feel it will bring in a handsome amount. That is our hope. Apart from the income from this tax which we need, this tax will go a long way to protect the handloom industry, and that is what we want.

3-50
p.n “ Then the hon. Member, Sri M. P. Govinda Menon, referred to the fact that the poor Tamilians strayed into his domain, the district of Malabar. This is not the first time that he is referring to it. He has referred to it once before. Let me point out to the hon. Member that this is so according to the well known law that Nature abhors a vacuum. When there is a vacuum in the atmosphere, air from other places rushes in there. All scientists know this for a fact. Similarly from Malabar a very large number of people stray into non-Malayee areas to pursue various professions from the highest to the lowest like hotel-keeping, running of *pan* and *bidi* shops and aerated water shops that the law of nature operates and into the vacuum thus created the unfortunate Tamil people enter. There is nothing strange in this phenomenon. If only the hon. Member, Sri M. P. Govinda Menon, will give a guarantee that he will take back to Malabar all his brethren in non-malayalee areas, I will assure him that no Tamilian will ever stray into his district.”

SRI M. P. GOVINDA MENON:—“ I am prepared to give such a guarantee.”

* THE HON. SRI M. A. MANICKAVELU NAICKER:—
“ Sir, it was also said that the people in charge of the handloom industry themselves do not wear handloom cloth and the sales would be better if they also wore handloom cloth. This logic cannot be pushed too far because it will result in absurdities. Can we ask a man selling saris that he should market it only wearing a sari himself? We cannot go to this length. The hon. Member, Dr. John said that there were about seven lakhs of textile workers in our State. Probably, he has no idea as to the actual figures. At the most there will be a lakh of workers in the textile industry in our State. He probably furnished all-India figures. Apart from this, the same hon. Member said that yarn should be made available at very cheap rates and that then only it would be useful to the handloom industry. I agree with him, and the Government will take all possible steps to see that yarn is available as cheaply as possible. We are trying in every way to help these unfortunate handloom weavers.

“ The hon. Member, Sri K. Balasubramanya Ayyar, asked how we were going to help the handloom industry by imposing these taxes. We have to do things one by one. Suppose a tank breaches. The Engineering Supervisor first goes there and puts up a ring bund to prevent water from other places entering the breached tank and then begins to repair the tank. This additional taxation is something like the ring bund to prevent the import of

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mill cloth. Then we will take other steps like making yarn cheaper, etc. In this manner, this additional taxation is only a sort of protection against the inroads of the mill cloth.

"Then with regard to prices, it is said that the handloom cloth is costlier and the poor and the middle classes would naturally prefer to buy mill cloth. I may inform the House my own experience. On the face of it, it appears, as if mill cloth is cheaper and handloom cloth is costlier. But, if we go deep into the matter, we will see that the handloom cloth has got at least 50 per cent more wearing quality than the mill cloth. This fact must be made to catch the imagination of the people by means of propaganda. We must tell them that not only will they be helping the suffering handloom weavers who would otherwise be thrown into the streets (or would have to go to Malabar as my hon. Friend, Sri M. P. Govinda Menon, is afraid of) but that they will also be not making such a sacrifice if they took into consideration the wearing quality of the handloom cloth. In the long run, it will not cost more than mill-made cloth. I will give an instance. In my student days, I had a fellow student in the Law College. Though he belonged to a middle class family, he always used to come in silk suits. I asked him how he managed to do so. He said that he did not spend a pie more than what people who wore cotton suits did because the silk suits were longer. He also said that without spending more money he looked more gentlemanly and more respectable than others, thanks to the better wearing quality of silk.' Therefore, even if we pay 50 per cent more than the price of mill cloth to purchase handloom cloth, it is worthwhile doing so because of the better wearing quality of the handloom cloth. Though mill cloth looks cheaper in the first instance it is really costlier than handloom cloth in the long run. Generally, people look at the surface of things only and never go deep. Therefore, if we explain all these things to the people they will surely become handloom-minded and all people including my hon. Friend Sri K. Balasubramanya Ayyar, will begin to wear handloom."

DR. V. K. JOHN:—"What about khaddar?"

* THE HON. SRI M. A. MANICKAVELU NAICKER:—

"Sir, I consider that people of a self-sacrificing spirit wear *khaddar*. I would like to call people who wear *khaddar* as first-class people, people who wear handloom cloth as second-class people and people who wear mill cloth as third, fourth or fifth class or 'no class' people.

"With these remarks, I would like once more to request hon. Members who are opposed to this Bill not to oppose it because this Bill has been brought forward only in the interests of the handloom weavers."

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MR. CHAIRMAN :—" The question is—

' That the Madras General Sales Tax (Second Amendment) Bill, 1954 (L.A. Bill No. 20 of 1954), as passed by the Assembly, be taken into consideration.' "

The motion was carried and the Bill was taken into consideration.

Clause 2.

MR. CHAIRMAN :—" The motion is—

' That Clause 2 do stand part of the Bill.' "

* SRI G. KRISHNAMURTHI :—" Mr. Chairman, Sir, I beg to oppose this Bill with all the vehemence that I can command. I am not opposing this Bill for the reason that I am not convinced by the arguments put forth by the Hon. Minister piloting the Bill or the hon. Members who spoke in support of cottage industries. I am one of those who stand for cottage industries and, in fact, I have been pleading for the promotion of cottage industries. But, have the present Government committed themselves to the improvement of cottage industries? If they had really committed themselves to such a task, it would not have taken them a second to stop all the rice mills and thereby give employment to thousands and thousands of villagers. If this had really been their policy, it would not have taken them much time to prevent the establishment of the plastic industry and the glass industry which are detrimental to indigenous industries.

" I quite appreciate and sympathise with the points just placed before the House by the hon. Member, Sri M. P. Govinda Menon. We do not in any way lag behind anybody else in the matter of patriotism or in regard to the encouragement of cottage industries or the improvement of the economy of our country. This Bill has been dealt with more or less as a Bill for the encouragement of the handloom industry. Is it really for this purpose? No, not at all. It is a Bill which has been brought forward to tax the public to augment the revenues of the State. Not a word has been mentioned in it regarding the handloom industry. This is not at all a Bill to support the handloom industry. What guarantee is there that the money that is obtained by the introduction of these additional taxes is going to be spent for the benefit of the handloom industry? There is no such guarantee. The Government have not yet come forward to say how much they will be realising by the collection of these taxes. If at all they agree to state the amount expected to be realised, they have not given a guarantee that the whole of this amount will be earmarked
4 p.m. for helping the suffering weavers. As such, it is not proper for us to view this Bill simply intended to encourage the poor suffering weavers. This Bill has no connection with the handloom industry whatsoever. On the other hand, the Government want

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to augment their revenues by imposing this additional tax on the poor and middle class people. They are not only not going to encourage the handloom weavers but they are going to create difficulties for the poor and the middle class people by imposing a tax of 1 anna 3 pies in the rupee on the mill goods that they are daily using. After all, what is this Bill aiming at? It is aiming at increased taxation. Who are to bear the tax? It is the middle and the poor class people. The Government are taxing the piecegoods which are generally used by the poor and the middle class people. What is the rate of tax that the Government propose to levy now? The incidence of taxation is 1 anna 3 pies in the rupee, that is, nearly $1/12$ th of the cost. An artificial silk sari that can be had by a poor lady for Rs. 12 will now cost Rs. 13 as soon as this Bill becomes law. The Government are really taxing the poor and the middle classes. At the same time they are not guaranteeing relief to the poor handloom weavers for whose benefit the Bill is supposed to be brought in. Artificial silk is a kind of silk that is being used by the poor women and the middle class women for the reason that that they are not able to purchase the genuine silk on account of its prohibitive cost. They cannot afford to have it either in this generation or for generations to come. Why should the Government stand in the way of these poor women satisfying themselves by wearing this silk? After all, it is very difficult to preserve this silk in a box against moth attack. Why should this artificial silk be taxed to the extent of $1/12$ th of its original cost? It is only the poor people, the clerical sections and the middle class people who use the cotton cloth. Are we not taxing them by this measure? Food, clothing and shelter are the three necessities of life. I wonder how the tax on gold and silver has been left out in this Bill while the tax on the artificial silk and the poor man's cloth is being retained. All of us are not purchasing gold and silver every year, not even once a year. Once in our lifetime we purchase one-fourth or one-half of a sovereign on marriage occasions for making *tali* (Thirumangalyam).

" It is a very sound principle of taxation to impose the tax on gold and silver which are luxury articles. Cloth is not a luxury. It is a need, a necessity of life and a daily necessity. We judge the popularity of a Government by its capacity to feed its people, to clothe its people and to give shelter to the people by building dwelling houses. Next we judge the popularity of a Government by its ability not to enhance the existing prices but to reduce them. Why should the Government enhance the price of the cloth which is being worn by the poor people? The Government are raising the tax that is already there. They say that they do not require any extra machinery to collect this tax. That is all right. But is it proper to tax one of the necessities of life to the extent of $1/12$ th of its present cost? I would therefore request the Government to see that this tax on the poor man's cloth is removed. Let them tax people who are buying gold, who are buying silver,

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who are dashing in their cars throwing dust on the poor man's mouth and eyes and who are waving their leather bags with bundles of currency notes in them.

"We are not in any way going to help the handloom industry by imposing this levy. There is no guarantee that the poor handloom weavers would get the benefit of this levy. The mills have been there all these days. My brother, who was a seniormost Congressman in Tiruchirappalli thought it fit to buy this mill-made cloth, which was called Swadeshi in 1916 or 1917 in preference to the 1703 foreign mull. There were days when we depended upon the mills. It is not easy at all to throw out all these mills. The speakers who preceded me have said that the yarn that is used by the handloom industry is manufactured by the mills. Why should we suddenly turn them into our enemies? Till we draw a plan for the whole of India, let us have a compromise as between the machine and the man. It is not advisable to tax poor people in the hope that the money so collected would be earmarked for the handloom industry especially in the absence of a specific guarantee from the Government that this money would be earmarked for the benefit of the poor handloom weavers. We have got the greatest sympathy for the handloom weavers. This Bill has no connection with the handloom industry. It is clearly stated in the Statement of Objects and Reasons appended to the Bill that this is a measure to augment the revenues of the State. There are many other ways of augmenting the revenues of the State. I would therefore request the Government not to tax the poor people and the middle class people in respect of their cloth which is a necessity of life."

* SRI T. M. DAIVASIKHAMANI ACHARIAR :—"Mr. Chairman, Sir, originally I had no intention of participating in this discussion but for the fact that Sri Govinda Menon referred to the fact that handloom weaving had been left out of consideration because it did not come under cottage industries and that the Government have not taken any steps for the past seven or eight years towards the improvement of that cottage industry. I will go a step further and say that it is not during the past seven years alone that they have not taken any steps but they have been treating these cottage industries in a step-motherly way for the past twenty years. This handloom industry has all of a sudden evoked the sympathy of not only the public but also the members of the Government. During the days when the alien Government were ruling this country, the great authority on the handloom industry Sri P. T. Thyagaraja Chettiar installed about 200 handlooms and all these looms had eventually to be sold and even the roof was not excluded. What is the root cause for this? This has not been considered by our Government even to-day. Sir, the evil is somewhere else. By merely increasing the tax on the mill-made cloth, or by granting liberal Government subsidies we cannot improve the handloom industry as we are supposed to. Sir, we can even treble the taxation on the mill-made goods for meeting the needs of the handloom industry. But before we talk of

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improving the handloom industry, we must go into the root cause of the defects. The root cause is that to-day in the handloom industry we have not got the proper implements, the looms and the improved shuttles. The shuttle that we are using to-day in the handloom industry can go only one way, not return back, or go back automatically three or four times. Until the handloom shuttle is improved and the handlooms are made to synchronise with the improved shuttle, it is not possible to improve the handloom industry or help the starving handloom weavers. It is not very easy for the Government to do it without the co-operation or advice of specialists, otherwise they could have found a solution long, long ago. They have not found it out yet and so, the very many defects are still in the machinery, in the plant shuttle themselves. So far as the mill industry is concerned, I know, Sir, in the matter of finish or in the matter of artistic lay-out and production, no mill-made cloth can beat the fineness or the quality or the artistic design of the handloom cloth. Sir, mills are worked with lifeless and soulless machines, whereas the handloom industrialists use both their hands which lend themselves to the mental perfection of these workmen. That is the essential difference and therefore, whatever may be the improvement in outturn of the mill industry, this cottage industry cannot be defeated by mill-made cloth. 4-10 P.M.

“ Then again, Sir, by increasing the tax to Re. 0-1-3 over the mill-made cloth, how is it going to help the handloom weavers? It may help the coffers of the Government and not the handloom weavers. Nothing has been stated in this Bill that the amount so taxed will be exclusively utilised for the benefit of this or other cottage industries. Sir, it is said that it is going to augment the resources of the Government and that is the sole object with which this Bill has been introduced. The hon. member Sri Govinda Menon has mixed up the handloom industry with cottage industries in general. That is why I thought it proper to say something about the other cottage industries. What is the position of the cottage industries today in this land, Sir? They have been totally neglected and no cottage industry has been helped so far. Sir, it was stated in answer to a question on the floor of this House that the Government have introduced Sri Visveswarayya's antiquated scheme of cottage industries in Nellore district and in Musiri in Tiruchirappalli district. Leaving alone Nellore district the Government have established an aerated water factory in Musiri taluk and an artisan has been granted a loan or subsidy. Is aerated water manufacture a cottage industry, I ask? Is that a cottage industry which ought to be aided or improved? Sir, that is how the cottage industries are improved and the Government are bestowing their so-called best attention according to them on the improvement of cottage industries.

“ The cottage industrialists are denied even the smallest benefit which they enjoyed before. They have been totally neglected. The village artisans are not granted adequate loans even though

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they are prepared to deposit their properties with the Government and even though they are not raising a loan of more than Rs. 500. Free tools were supplied by the Government to the people engaged in select cottage industries till April 1953. But the Government have all on a sudden stopped that. With just one stroke of the pen they have removed the privileges which were enjoyed by these cottage industrialists for several years. Sir, that being the case, are we going to improve the cottage industries in reality in this State? Let it be handloom industry or let it be any other industry, the Government are not going to improve any industry at this rate. As one who is interested in cottage industries, I plead for those voiceless thousands of unprotected men engaged in cottage industries and ask that some good treatment should be accorded to them in the matter of improving their cottage industries. It will be a waste of Government energy to revert to the subject of cottage industries over and over again and merely talk about them without doing anything to improve them. In all earnestness I request the Hon. Minister in charge of this subject to put his shoulders to the wheel and see that the cottage industries are put on a sound basis.

“With these words, Sir, I do not know whether to support the Bill or to oppose it. These are my views and the Chairman is at liberty to take it in whatever light he thinks. Thank you, Sir.”

* SRI V. BASHYAM AYYANGAR :—“Mr. Chairman, Sir, I wish to give my strong support to this Bill which has been brought forward by the Government and in doing so, I would like to answer only one objection that has been raised by the hon. Member Sri G. Krishnamurthi. He has said that in this Bill it is nowhere stated that it is intended to support the handloom weavers and that only a tax is levied on mill-made cloth. It seems to me that it is not correct to take this Bill in that light. The Government want some money to meet necessary expenditure and they want to levy a tax for the purpose. The first question is whether the tax is necessary. I take it that we all proceed on the assumption that funds are necessary to carry on the Government and therefore, some tax or other is necessary. The second question is whether the taxing of the mill-made cloth which is suggested in this Bill is or is not correct. In addition to getting some money, the taxation must be in the right direction. It must have a right perspective and a right object in taxing goods. The question now is whether taxing of mill-made cloth is not an indirect help to the handloom industry. I can go even further and say that it is a direct help to the handloom industry and it also brings some money to the Government. It helps the handloom industry which everybody has at heart and there is nobody in this House who wishes that the handloom industry should not be encouraged. Millions of people are suffering for want of food and for want of necessities. This measure is no doubt intended to be a taxation measure and while it brings some funds to the Government, it also goes to support the handloom industry. In that way it gives great help to the handloom industry and I think it deserves the

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support of this House. In so far as mill-made cloth is taxed by the Bill it puts a premium upon the mill-made cloth and to that extent also it will encourage the sale of handloom goods. In that way it will encourage handloom weaving and also bring food and other necessities to the handloom weavers who are suffering from want of work and from want of sale of their goods. In so far as the mill-made goods are made dear, the handloom goods will be encouraged. In that way it is a measure which goes to support the handloom industry. I say that both as a taxation measure and as a measure which will have the effect of encouraging handloom industry, this Bill deserves the unanimous support of this House."

* THE HON. SRI M. A. MANICKAVELU NAICKER :—
" Sir, I am really surprised that of all persons, the hon. Member Sri G. Krishnamurthi is enamoured of artificial silk. He says that the increase in the price of artificial silk will deprive the poor women, who are fond of dressing very gaudily, of it. I may tell him, Sir, that artificial silk has very little wearing quality, and it develops holes in *saris*. I would be quite glad if people are prevented from purchasing artificial silk. In the interests of the poor people artificial silk should not be encouraged. The price of artificial silk is high also. It has been said that we are interested only in getting revenue to the Government, and that we have not earmarked the revenue for encouraging the handloom industry. It is not so, Sir. Because we are interested in the handloom industry, we are genuinely trying all means and taking every step to protect that industry. If we get good revenue, hon. Members may rest assured that we will try to get improved looms. There is difficulty in the budgetary framework to earmark this revenue for the protection of the handloom industry. It is even unconstitutional to do so. Suppose we get a certain amount of revenue from this tax. Is it suggested that the whole of that revenue should be spent on encouraging the handloom industry? The object is there, namely, that handloom industry should be protected. We certainly will make use of the revenue collected. Suppose we utilize the revenue that we get from this tax on irrigation works, and some other revenue is utilized for helping the handloom industry, what is the wrong? I do not think that hon. Members can object to this course. Somehow money should be spent, and that will be spent in some way or other. Whether money will be spent on protecting the handloom industry to the same extent as the revenue from this tax is derived, I cannot say. But something will be done to protect the handloom industry."

4-2,
p.m.

Clause 2 was put and carried.

Clause 1 and the Preamble were put and carried.

* THE HON. SRI M. A. MANICKAVELU NAICKER :—
" Sir, I beg to move—
"That the Madras General Sales Tax (Second Amendment) Bill, 1954 (L.A. Bill No. 20 of 1954), as passed by the Assembly, be passed."

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MR. CHAIRMAN :—" The question is—

' That the Madras General Sales Tax (Second Amendment) Bill, 1954 (L.A. No. 20 of 1954), as passed by the Assembly, be passed.' "

The motion was carried and the Bill was passed.

(2) THE MADRAS MEDIUM COTTON MILL CLOTH (SALES TAX) BILL,
1954 (L.A. BILL NO. 21 OF 1954).

* THE HON. SRI M. A. MANICKAVELU NAICKER :—

" Sir, I beg to move—

' That the Madras Medium Cotton Mill Cloth (Sales Tax) Bill, 1954 (L.A. Bill No. 21 of 1954), as passed by the Assembly, be taken into consideration.'

Sir, the object of this Bill is the same as the previous Bill. Only it refers to a particular variety of cloth. That is all the difference."

MR. CHAIRMAN :—" Motion moved—

' That the Madras Medium Cotton Mill Cloth (Sales Tax) Bill, 1954 (L.A. Bill No. 21 of 1954), as passed by the Assembly be taken into consideration.' "

* DR. V. K. JOHN :—" Mr. Chairman, Sir, I did not originally want to speak on this Bill, because this Bill is the same as the previous Bill that was just now passed. Reference has now been made to the handloom industry by very many speakers, and particularly the Hon. Minister who introduced this Bill stated that it was with a view to augment the revenues of the State that the Government decided to levy this additional sales tax on mill goods. That position has been given up entirely. Speaker after speaker has said that it is for the purpose of assisting the handloom weavers. I think that after the discussion on the budget last time the argument that the handloom weavers are suffering was given up by the Government. The handloom weavers are not at all suffering. The fact is that ever since 1853 when the first mill was put up in Bombay, there was agitation by the handloom weavers. We find that in 1920-21 the handloom industry in India produced 1,119 million yards, and in 1952-53 the industry produced 1,850 million yards. It is always on the increase. In South India the quantity of yarn produced by the mills, particularly by the Mills in Coimbatore, is on the increase. The quantity of yarn consumed by the handloom weavers is also on the increase. Therefore, Sir, the handloom weavers are not suffering at all. They are improving. But an artificial agitation has been engineered. There have been hunger marches. Have the Government any figures to show how many people have been employed in the handloom industry for the last so many years? How much quantity of yarn is consumed by them, and what is their production? Let the Government collect statistics, and then we will